



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

Condensed Consolidated Statements of Profit or Loss

And Other Comprehensive Income (unaudited)

For the Third Financial Quarter Ended 31 March 2016

	3 months ended		Year-to-date ended	
	31.3.2016 RM'000	31.3.2015 RM'000	31.3.2016 RM'000	31.3.2015 RM'000
<b>Revenue</b>	<b>40,893</b>	<b>48,653</b>	<b>137,886</b>	<b>145,708</b>
Other (expense)/income	(3,371)	3,120	2,537	6,611
Operating expenses	(33,863)	(42,717)	(120,029)	(125,979)
<b>Profit from operations</b>	<b>3,659</b>	<b>9,056</b>	<b>20,394</b>	<b>26,340</b>
Depreciation & amortisation	(1,464)	(1,601)	(4,304)	(4,491)
Finance income	4	-	18	1
Finance costs	(208)	19	(456)	(672)
<b>Profit before tax</b>	<b>1,991</b>	<b>7,474</b>	<b>15,652</b>	<b>21,178</b>
Income tax expense	(388)	(1,425)	(3,784)	(4,885)
<b>Profit for the period</b>	<b>1,603</b>	<b>6,049</b>	<b>11,868</b>	<b>16,293</b>
<b>Other comprehensive income, net of tax:-</b> <i>Item that will be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences for foreign operations	19	(56)	(1,749)	(2,038)
<b>Other comprehensive income for the period</b>	<b>19</b>	<b>(56)</b>	<b>(1,749)</b>	<b>(2,038)</b>
<b>Total comprehensive income for the period</b>	<b>1,622</b>	<b>5,993</b>	<b>10,119</b>	<b>14,255</b>
<b>Profit attributable to:</b>				
Owners of the Company	1,480	6,030	11,680	16,406
Non-controlling interests	123	19	188	(113)
<b>Profit for the period</b>	<b>1,603</b>	<b>6,049</b>	<b>11,868</b>	<b>16,293</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	1,442	5,787	10,053	14,256
Non-controlling interests	180	206	66	(1)
<b>Total comprehensive income for the period</b>	<b>1,622</b>	<b>5,993</b>	<b>10,119</b>	<b>14,255</b>
<b>Earning per share attributable to owners of the Company (sen) (Note B10)</b>				
- Basic at nominal value of RM0.10 per share	<b>0.18</b>	<b>0.79</b>	<b>1.47</b>	<b>2.15</b>
- Diluted at nominal value of RM0.10 per share	<b>0.15</b>	<b>0.62</b>	<b>1.17</b>	<b>1.68</b>

The Condensed Consolidated Statements of Profit or Loss And Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.



Continuous Innovation & Quality

**Hovid Bhd (Company no: 58476 A)**  
**Condensed Consolidated Statements of Financial Position (Unaudited)**  
**For the Third Financial Quarter Ended 31 March 2016**

	As at 31.3.2016 (Unaudited) RM'000	As at 30.6.2015 (Audited) RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	148,607	128,808
Intangible assets	20,453	19,410
Investment properties	2,600	2,600
Available-for-sale investment	-	-
Deferred tax assets	821	787
	172,481	151,605
<b>Current Assets</b>		
Inventories	38,857	27,123
Trade receivables	36,486	35,024
Other receivables, deposits and prepayments	15,396	14,977
Cash and deposits	19,167	22,922
	109,906	100,046
<b>Total Assets</b>	<b>282,387</b>	<b>251,651</b>
<b>EQUITY</b>		
<b>Equity Attributable to Owners of the Company</b>		
Share capital	81,133	78,135
Share premium	5,016	2,018
Reserves	36,072	38,298
Retained earnings	70,235	65,250
	192,456	183,701
<b>Non-controlling interests</b>	2,376	2,310
<b>Total Equity</b>	194,832	186,011
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	10,926	11,128
Term loans	26,354	8,725
Finance lease liabilities	458	557
Provision for retirement benefits	4,068	3,617
	41,806	24,027
<b>Current Liabilities</b>		
Trade payables	12,113	11,248
Other payables and accruals	12,595	19,044
Term loans	1,249	773
Short term borrowings	16,373	6,531
Bank overdraft	93	-
Finance lease liabilities	144	190
Tax payable	3,182	3,827
	45,749	41,613
<b>Total Liabilities</b>	87,555	65,640
<b>Total Equity And Liabilities</b>	<b>282,387</b>	<b>251,651</b>
<b>Net Assets Per Share Attributable To Owners Of The Company (Sen)</b>	<b>23.72</b>	<b>23.51</b>

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

Condensed Consolidated Statements of Changes in Equity (unaudited)

For the Third Financial Quarter Ended 31 March 2016

	Attributable to Owners of the Company					Non-controlling Interests	Total Equity
	Non-distributable			Distributable	Total		
	Share capital RM'000	Share premium RM'000	Reserves RM'000	Retained earnings RM'000	RM'000		
<b>PERIOD ENDED 31 MARCH 2016</b>							
<b>At 1 July 2015</b>	<b>78,135</b>	<b>2,018</b>	<b>38,298</b>	<b>65,250</b>	<b>183,701</b>	<b>2,310</b>	<b>186,011</b>
Total comprehensive income/(loss) for the period	-	-	(1,627)	11,680	10,053	66	10,119
Transactions with owners of the Company							
Conversion of warrants	2,998	2,998	(599)	-	5,397	-	5,397
Interim dividends	-	-	-	(6,695)	(6,695)	-	(6,695)
<b>At 31 March 2016</b>	<b>81,133</b>	<b>5,016</b>	<b>36,072</b>	<b>70,235</b>	<b>192,456</b>	<b>2,376</b>	<b>194,832</b>
<b>PERIOD ENDED 31 MARCH 2015</b>							
<b>At 1 July 2014</b>	<b>76,381</b>	<b>263</b>	<b>32,489</b>	<b>52,036</b>	<b>161,169</b>	<b>4,988</b>	<b>166,157</b>
Total comprehensive income/(loss) for the period	-	-	(1,920)	16,176	14,256	(1)	14,255
Transactions with owners of the Company							
Issuance of shares to non-controlling interests	-	-	-	-	-	65	65
Conversion of warrants	6	6	(1)	-	11	-	11
Interim dividends	-	-	-	(7,639)	(7,639)	-	(7,639)
Derecognition of non-controlling interests of a subsidiary disposed	-	-	-	-	-	(3,717)	(3,717)
<b>At 31 March 2015</b>	<b>76,387</b>	<b>269</b>	<b>30,568</b>	<b>60,573</b>	<b>167,797</b>	<b>1,335</b>	<b>169,132</b>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.



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**Hovid Bhd (Company no: 58476 A)**

**Condensed Consolidated Statements of Cash Flows (unaudited)  
For the Third Financial Quarter Ended 31 March 2016**

	Note	9 months ended	
		31.3.2016 RM'000	31.3.2015 RM'000
<b>Cash flows from operating activities</b>			
Profit before tax		15,652	21,178
<i>Adjustments for:</i>			
Amortisation of intangible assets		464	433
Provision for retirement benefits		436	341
Depreciation of property, plant and equipment		3,840	4,058
(Gain)/loss on disposals of properties, plant and equipment		(7)	1
Gain on disposal of a subsidiary		-	(1,365)
Impairment loss on receivables		51	60
Interest expense		456	959
Interest income		(18)	(1)
Inventories written off		360	275
Impairment of product development expenditure		200	2,350
Property, plant and equipment written off		66	90
Reversal of impairment loss on receivables		(53)	(65)
Unrealised (gain)/loss on foreign exchange		348	(2,654)
Allowance for slow moving inventories		(4)	-
<b>Operating profit before changes in working capital</b>		21,791	25,660
Change in inventories		(12,090)	(2,953)
Change in receivables, deposits and prepayments		(1,879)	(21,468)
Change in payables and accruals		(1,766)	5,226
Bankers' acceptances		9,842	14,668
<b>Cash generated from operations</b>		15,898	21,133
Tax paid		(4,540)	(5,829)
<b>Net cash from operating activities</b>		11,358	15,304
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(29,747)	(15,265)
Disposal of a subsidiary, net of cash		-	7,869
Interest received		18	1
Proceeds from disposals of property, plant and equipment		29	1
Product development expenditure incurred		(1,707)	(1,891)
<b>Net cash used in investing activities</b>		(31,407)	(9,285)



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**Hovid Bhd (Company no: 58476 A)**

**Condensed Consolidated Statements of Cash Flows (unaudited)  
For the Third Financial Quarter Ended 31 March 2016**

	Note	9 months ended	
		31.3.2016 RM'000	31.3.2015 RM'000
<b>Cash flows from financing activities</b>			
Interest paid		(518)	(701)
Placement of pledged deposits with a licensed bank		(23)	(10)
Repayments of finance lease liabilities		(145)	(109)
Drawdown of finance lease liabilities		-	614
Repayments of term loans		(533)	(218)
Drawdown of term loans		18,616	-
Proceeds from issuance of shares to non-controlling interests		-	65
Interim dividends paid		(6,695)	(7,639)
Proceeds from warrants conversion		5,397	11
<b>Net cash from/(used in) financing activities</b>		<b>16,099</b>	<b>(7,987)</b>
Change in cash and cash equivalents		(3,950)	(1,968)
Effect of exchange rates fluctuations on cash held		79	214
Cash and cash equivalents at beginning of the period		21,847	20,256
<b>Cash and cash equivalents at end of the period</b>	(I)	<b>17,976</b>	<b>18,502</b>

Note (I) Cash and cash equivalents comprises:

Cash and bank balances	19,167	18,502
Bank overdraft	(93)	-
	<u>19,074</u>	<u>18,502</u>
Less: Fixed deposit pledged to a bank	(1,098)	
	<u>17,976</u>	<u>18,502</u>

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

Quarterly financial report (unaudited)

For the Third Financial Quarter Ended 31 March 2016

Explanatory Notes as per MFRS 134, Interim Financial Reporting

**A1 Basis of preparation**

The condensed interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB"), and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These condensed interim financial statements also comply with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* issued by the International Accounting Standard Board ("IASB").

The condensed interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2015. The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2015.

**A2 Changes in accounting policies**

During the period, the Group adopted all new and revised MFRSs and IC Interpretations ("IC Int.") and amendments to MFRSs and IC Int. issued that are relevant to the Group's operations and effective for accounting periods beginning on or after 1 July 2015. The adoption of these new and revised MFRSs and IC Int. have not resulted in material change to the Group's accounting policies.

**Standards and IC Interpretations ("IC Int.") in issue but not yet effective**

The Group has not elected for early adoption of the relevant new and revised MFRSs and IC Int. and amendments to MFRSs and IC Int. which have been issued but not yet effective at the date of authorisation for issue of these condensed interim financial statements. The directors anticipate that the adoption of these Standards and IC Int. when they become effective will have no material impact on the financial statements of the Group in the period of initial recognition.

**A3 Audit report of preceding annual financial statements**

The audit report of the preceding annual financial statements was not subject to any qualification.

**A4 Comment about seasonal or cyclical factors**

The business operations of the Group were not materially affected by any seasonal or cyclical factors during the quarter under review.

**A5 Unusual items affecting assets, liabilities, equities, net income or cash flows**

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence during the quarter under review other than the foreign exchange loss amounting to RM3.565 million, arising from the weakening of United States of America Dollar ("USD") against Ringgit Malaysia ("RM") since 31 December 2015.

**A6 Significant estimates and changes in estimates**

There were no changes in estimates that have had any material effect during the quarter under review.

**A7 Debt and equity securities**

During the current quarter, the Company issued 11,425,800 ordinary shares of RM0.10 each for cash arising from the conversion of Warrants at an exercise price of RM0.18 per ordinary share.

Other than the above, there was no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the quarter under review.



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Explanatory Notes as per MFRS 134, Interim Financial Reporting

**A8 Dividends paid**

During the period, the following dividends under the single-tier system were paid:-

i. Interim dividend of 0.5 sen per ordinary share in respect of the financial year ended 30 June 2015, declared by the Directors on 28 August 2015, was paid on 2 October 2015, and

ii. Special dividend of 0.35 sen per ordinary share in respect of the financial year ended 30 June 2015, declared by the Directors on 28 August 2015, was paid on 2 October 2015.

**A9 Segment information**

The Group is principally confined to the manufacturing and sale of pharmaceutical and herbal products. Operating segment information has therefore not been prepared as the Group's revenue and operating profit before tax are mainly confined to one operating segment.

**A10 Valuation of property, plant and equipment**

The Group did not carry out any revaluation on its property, plant and equipment during the quarter under review.

**A11 Material subsequent events**

There were no material events subsequent to the end of the current quarter.

**A12 Changes in the composition of the Group**

There were no changes to the composition of the Group during the quarter under review.

**A13 Changes in contingent liabilities and contingent assets**

There were no material changes in contingent liabilities or contingent assets since the date of last annual report as at 30 June 2015, to the date of this report.

**A14 Significant related parties transactions**

Significant transactions with a company in which a Director is also a director of that company:-

	3 months ended		Year-to-date ended	
	31.3.2016 RM'000	31.3.2015 RM'000	31.3.2016 RM'000	31.3.2015 RM'000
<b>ExcelVite Sdn Bhd</b>				
Sales	5	-	6	-
Reallocation of common costs	13	-	29	-
Purchases	(421)	-	(1,658)	-
Steam service expenses	(9)	-	(65)	-
Rental expense	(2)	-	(6)	-
Research services rendered	6		10	

**A15 Capital commitments**

The Group's capital commitments not provided for in the interim financial statements as at balance sheet date were as follows:-

	RM'000
<b>Property, plant and equipment</b>	
Authorised and contracted	46,768
Authorised but not contracted	4,667
<b>Total capital commitments</b>	51,435



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Quarterly financial report (unaudited)

For the Third Financial Quarter Ended 31 March 2016

Explanatory Notes Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad

## B1 Review of performance

### For the Quarter

The Group recorded a revenue of RM40.9 million during the current quarter which represents a 16% decrease as compared to the preceding year corresponding quarter's revenue of RM48.7 million. Included in the previous year's quarter was Biodeal Pharmaceuticals Private Limited's ("BPPL") sales amounting to RM2.5 million. BPPL ceased to be a subsidiary from 1 April 2015. Excluding BPPL's sales from previous year's quarter, current quarter's sales was lower by 11% in comparison. This is because our local customers increased their purchases in the previous year's quarter prior to the implementation of Goods And Services Tax on 1 April 2015. Additionally, our local customers also increased their purchases in the preceding quarter ended 31 December 2015 before our new prices in January 2016. Lastly, shipments totalling RM4.2 million were delayed at the end of March to April 2016.

The Group's pre-tax profit of RM2.0 million was RM5.5 million or 73.4% lower in comparison to preceding year's corresponding result of RM7.5 million. This was due largely to the foreign exchange loss incurred during the current quarter of RM3.6 million arising from the fluctuation of Ringgit Malaysia ("RM") against the United States of America Dollar ("USD"), in comparison to a gain of RM1.5 million recorded during the previous year's corresponding quarter, and the lower revenue during the current quarter. Additionally, included in the prior year's quarter was a gain on disposal of BPPL of RM1.4 million.

### Year-to-date

The Group's revenue for the current period amounting to RM137.9 million was lower by RM7.8 million or 5.4% compared to the previous financial year of RM145.7 million. BPPL contributed RM7.3 million to the Group's sales last year. Excluding BPPL's revenue for comparison purpose, the Group's revenue remained about the same as previous year's.

The Group's pre-tax profit for the current period of RM15.7 million was RM5.5 million or 26.1% lower in comparison to preceding year's corresponding period of RM21.2 million. The poorer result was due a lower foreign exchange gain recorded for the period of RM2.1 million in comparison to RM4.2 million for the previous period that arose from the fluctuation of USD against RM, and a lower revenue achieved during the current period. Additionally, the weak RM increased the cost of raw materials of our local sales, prior to our selling price revision in January 2016. Finally, included in the prior year's period was a gain on disposal of BPPL of RM1.4 million.

## B2 Results comparison with preceding quarter

	Quarter ended	
	31.3.2016 RM'000	31.12.2015 RM'000
<b>Revenue</b>	40,893	55,944
<b><u>Profit before tax</u></b>		
Profit before tax and before foreign exchange differences	5,556	7,040
Add/(less):		
Unrealised foreign exchange loss	(4,629)	(1,581)
Realised foreign exchange gain	1,064	565
Net foreign exchange loss	(3,565)	(1,016)
<b>Profit before tax</b>	1,991	6,024



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Explanatory Notes Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad

## B2 Results comparison with preceding quarter (cont.)

The Group recorded a revenue of RM40.9 million during the current quarter which represents a 26.9% decrease as compared to the preceding quarter's revenue of RM55.9 million. The lower revenue was due to the delayed shipment of RM4.2 million to April 2016. Additionally, our local customers also increased their purchases in the preceding quarter ended 31 December 2015 before our new prices in January 2016. Lastly, the stronger RM against USD also impacted the current quarter's export revenue.

The Group's pre-tax profit was RM2.0 million, a decrease of 67% as compared to preceding quarter's of RM6.0 million. This was attributed to a higher foreign exchange loss of RM3.6 million recorded for the current quarter in comparison to RM1.0 million for the the preceding quarter and the lower revenue achieved for the current quarter.

## B3 Commentary on Prospects

Barring any unforeseen circumstances, the outlook for the Group is expected to be satisfactory as the Group is actively securing new overseas markets, registration of new products and expanding its tablet and capsule production facility. However, the fluctuation of RM against the USD and the resulting unrealised forex exchange gains / loss may cause some fluctuations to our RM denominated financial results.

The Group will continue to enhance its competitive edge by continually placing emphasis in research and development and improving its production processes to achieve better efficiency.

## B4 Profit forecast, profit guarantee and internal targets

The Group did not provide any profit forecast, profit guarantee and internal targets in any public document or any announcements made.

## B5 Income tax expense

	3 months ended		Year-to-date ended	
	31.3.2016 RM'000	31.3.2015 RM'000	31.3.2016 RM'000	31.3.2015 RM'000
Income tax expense for current period	632	1,472	3,986	5,317
Deferred taxation	(244)	(47)	(202)	(432)
	388	1,425	3,784	4,885

The effective tax rate for the current period approximates the statutory tax rate.

## B6 Status of corporate proposal and its proceeds utilisation

There are no corporate proposals announced but not completed for the quarter under review.

## B7 Borrowings and debt securities

Details of the Group's bank borrowings as at end of the year were as follows :-

	Current RM'000	Non-current RM'000	Total RM'000
Secured	17,859	26,812	44,671

The bank borrowings denominated in foreign currencies in RM equivalent are as follows:-

Philippines Peso	RM'000 415
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Explanatory Notes Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad

**B8 Material litigation**

There were no material litigation against the Group as at the reporting date, that arose since the date of last annual report.

**B9 Dividend proposed or declared**

No dividend has been proposed or declared during the current quarter.

**B10 Earnings per share**

The basic earnings per share has been calculated by dividing the Group's net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period. For the purpose of calculating diluted earnings per share, the profit attributable to shareholders and the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of all potential ordinary shares, ie, warrants in issue.

	3 months ended		Year-to-date ended	
	31.3.2016 RM'000	31.3.2015 RM'000	31.3.2016 RM'000	31.3.2015 RM'000
Net profit attributable to shareholders	1,480	6,030	11,680	16,406
<u>Number of ordinary shares</u>				
	'000	'000	'000	'000
Weighted average number of ordinary shares (basic)	805,847	763,834	793,537	763,821
Effects of dilution in outstanding Warrants	199,441	211,215	202,100	209,860
Weighted average number of ordinary shares (diluted)	1,005,288	975,049	995,637	973,681
<u>Earning per share</u>				
	Sen	Sen	Sen	Sen
Earning per share at nominal value of RM0.10 per share:-				
Basic	0.18	0.79	1.47	2.15
Diluted	0.15	0.62	1.17	1.68

**B11 Profit for the period**

Included in the profit for the period are:-

	3 months ended		Year-to-date ended	
	31.3.2016 RM'000	31.3.2015 RM'000	31.3.2016 RM'000	31.3.2015 RM'000
Finance income	4	-	18	1
Other income	135	270	338	961
Finance cost	(208)	19	(456)	(672)
Depreciation and amortisation	(1,464)	(1,601)	(4,304)	(4,491)
Impairment loss on receivables	(2)	(6)	(51)	(60)
Reversal of impairment loss on receivables	47	16	53	65
Gain/(loss) on disposal of property, plant and equipment	8	(1)	7	(1)
Gain on disposal of a subsidiary	-	1,365	-	1,365
Inventories written off	(138)	(165)	(360)	(275)
Foreign exchange (loss)/gain	(3,565)	1,470	2,135	4,221
Gain/(loss) on derivatives	-	-	-	-
Exceptional items	-	-	-	-



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Explanatory Notes Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad

B12 Realised and unrealised profits and losses disclosure

	As at 31.3.2016 RM'000	As at 30.6.2015 RM'000
Total retained profits of Company and its subsidiaries:-		
Realised	88,897	72,703
Unrealised	(12,109)	(8,280)
Total	76,788	64,423
Consolidation adjustments	(6,553)	827
Total group retained earnings	70,235	65,250

Authorisation for issue

On 24 May 2016, the Board of Directors authorised this interim report for issue.

On behalf of the Board,  
Goh Tian Hock  
Ng Yuet Seam  
Joint Secretaries